

SEP 9 1954

LISTING STATEMENT No. 1827

LISTED AUGUST 18th, 1954
65,000 4% Cumulative Preference Shares of \$100 par value
Ticker abbreviation NWT Pr.
Post section 10

TORONTO STOCK EXCHANGE

LISTING STATEMENT

NORTHWESTERN UTILITIES, LIMITED

An operating company, incorporated under the laws of Canada by Letters Patent dated May 26th, 1923 hereby makes application for the listing on the Toronto Stock Exchange of 65,000 4% Cumulative Preference Shares, \$100 par value, all of which are authorized and outstanding.

Reference is made to the attached Prospectus dated July 19, 1954, which forms part of this application.

CAPITALIZATION AS AT AUGUST 9, 1954

	Authorized	Outstanding
First Mortgage Bonds.....	(1)	\$18,945,000 (2)
27/8% Promissory Notes due 1969.....	\$ 3,000,000	2,613,000
Preference Shares, par value—\$100.....	12,000,000	6,500,000
Common shares, par value—\$25.....	7,500,000	4,250,000

- (1) Subject to the issue of additional bonds as provided for in the Trust Deed.
- (2) \$3,650,000 3 1/2% Series "B" due 1971; \$1,670,000 3 1/2% Series "C" due 1971; \$4,365,000 3 5/8% Series "D" due 1971; \$4,760,000 3 5/8% Series "E" due 1975; and \$4,500,000 4 3/4% Series "F" due 1979.

All the capital stock is fully paid, non-assessable, and no liability attaches to shareholders.

Holders of Common Shares of the Company are entitled to one vote per share. Holders of 4% Preference Shares are only entitled to vote in accordance with the provisions of paragraph (4) of the rights and preferences attaching to the 4% Preference Shares as set out in the attached Prospectus dated July 19, 1954.

1. OPINION OF COUNSEL

The opinion of counsel with respect to the authorization, issuance and validity of the preference shares, the subject of this application, has been rendered by Messrs. Milner, Steer, Dyde, Poirier, Martland & Layton of Edmonton, Alberta.

Their opinion has been filed with the Toronto Stock Exchange.

2. PURPOSE OF ISSUE

The proceeds derived from the sale of the additional 25,000 preference shares issued by the Company on August 4, 1954, will be used to meet some of the capital expenditures resulting from the Company's programme of capital expansion described in the Prospectus attached hereto.

3. LETTERS PATENT

By virtue of a by-law enacted by the Directors at a meeting held on July 30th, 1954, and duly ratified and confirmed by the shareholders of the Company on July 15, 1954, Supplementary Letters Patent were issued dated July 19, 1954, increasing the authorized capital of the Company by the creation of an additional 80,000 4% preference shares of the par value of \$100 each. A copy of these Supplementary Letters Patent has been filed with the Toronto Stock Exchange.

4. CLASSIFICATION OF SHAREHOLDERS

The classification of the preference shareholders as at August 9th, 1954, is as follows:
4% CUMULATIVE PREFERENCE SHARES

Number	Shares
1,922 Holders of 1 to 100 shares.....	37,516
32 " " 101 to 200 "	4,881
7 " " 201 to 300 "	1,841
2 " " 301 to 400 "	700
3 " " 401 to 500 "	1,500
5 " " 501 to 1000 "	4,408
5 " " 1001 and up "	14,154
1,976 Stockholders	65,000

All of the above-mentioned stock is free for sale, and is held under no syndicate, agreement or control.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

5. LISTING ON OTHER STOCK EXCHANGES

Application has been made to list the 65,000 4% Cumulative Preference Shares of the Company on the Montreal Stock Exchange.

6. GENERAL OFFICES

The Head Office of the Company is located in Edmonton, Alberta.

The names, descriptions and addresses of the Directors, Officers and Auditors of the Company are as follows:

7. DIRECTORS

Frank Austin Brownie.....	Corporation Executive.....	2704 Montcalm Crescent, Calgary, Alberta.
Howard Butcher, III.....	Corporation Executive.....	Spring Mill Road, Villanova, Penn., U.S.A.
Harold Walter Francis.....	Director of Purchasing.....	South of Polo Grounds, Calgary, Alberta
Gerald Gaetz.....	Corporation Executive.....	10409—134th Street, Edmonton, Alberta
Ronald Martland, Q.C.....	Barrister.....	13101 Churchill Crescent, Edmonton, Alberta
Horatio Ray Milner, Q.C.....	Corporation Executive.....	11618—100th Avenue, Edmonton, Alberta
John Ronald Munro.....	Merchant.....	8915 Saskatchewan Drive, Edmonton, Alberta
Alexander McKnight McDonald.....	Corporation Executive.....	6274 Ada Boulevard, Edmonton, Alberta
Oliver Crawford McIntyre.....	Manufacturer.....	24 St. George's Crescent, Edmonton, Alberta
Frederick Asbey Smith.....	Comptroller.....	8 St. George's Crescent, Edmonton, Alberta
Dennis Kestel Yorath.....	Corporation Executive.....	8302—131st Street, Edmonton, Alberta

8. OFFICERS

Horatio Ray Milner.....	<i>Chairman of the Company</i>	11618—100th Avenue, Edmonton, Alberta
Frank Austin Brownie.....	<i>President</i>	2704 Montcalm Crescent, Calgary, Alberta
Dennis Kestel Yorath.....	<i>General Manager</i>	8302—131st Street, Edmonton, Alberta
Frederick Asbey Smith.....	<i>Comptroller</i>	8 St. George's Crescent, Edmonton, Alberta
Cyril Lee Metcalfe.....	<i>Secretary</i>	13814—101st Avenue, Edmonton, Alberta
John Benedict Whelihan.....	<i>Treasurer</i>	10432 Connaught Drive, Edmonton, Alberta
John Edward Roberts.....	<i>Assistant Secretary</i>	12618—109A Avenue, Edmonton, Alberta

9. AUDITORS

Peat, Marwick, Mitchell & Co., chartered accountants, Empire Block, Edmonton, Alberta.

10. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the preference shares of the Company is Montreal Trust Company, Edmonton, Calgary, Montreal and Toronto.

11. FISCAL YEAR

The fiscal year of the Company ends December 31st in each year.

12. ANNUAL MEETING

The Annual Meeting is held in Edmonton usually in April, but may be held on such date on or before April 30th in each year as the Directors by resolution determine.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



NORTHWESTERN UTILITIES, LIMITED

"D. K. YORATH," *General Manager.*

"C. L. METCALFE," *Secretary.*

ADDITIONAL ISSUE

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act.

The shares referred to herein are being offered in Canada, but not in the United States of America. This prospectus is not, and under no circumstances is to be construed as, an offering of any of these shares for sale in the United States of America or in the territories or possessions thereof, or any offering to any resident of such places, or a solicitation therein of an offer to buy any of these Shares.

30,000 Shares Northwestern Utilities, Limited

(Incorporated under the laws of Canada)

4% CUMULATIVE PREFERENCE SHARES

(Par Value \$100 Per Share)

These Preference Shares, when delivered, will be fully paid and non-assessable; preferred as to capital and dividends and entitled to fixed cumulative preferential cash dividends from August 1, 1954, when and as declared by the board of directors, at the rate of 4% per annum payable quarterly (February, May, August and November 1) at par at any branch of the Company's bankers in Canada.

These Preference Shares, when delivered, will be redeemable at the option of the Company in whole on 30 days' notice at the par value thereof, plus a premium of 3% thereof and plus all unpaid accumulated dividends thereon. The Company may purchase these Preference Shares in whole or in part in the market or by tender at a price not exceeding the par value plus a premium of 3% thereof and plus all unpaid accumulated dividends thereon.

The rights, preferences, priorities, limitations, conditions and restrictions, including voting rights and restrictions, attaching to these Preference Shares are fully set out in the Statutory Information forming a part of this Prospectus.

Transfer Agent and Registrar: Montreal Trust Company, Edmonton, Calgary, Montreal, Toronto.

In the opinion of Counsel, these shares will be investments in which companies registered under Part III of the Canadian and British Insurance Companies Act may, without availing themselves for that purpose of the provisions of sub-section (4) of Section 63 of said Act, invest their funds or any portion thereof.

We offer, as principals, these 30,000 4% Cumulative Preference Shares, of which 25,000 shares are at present unissued and are under option from the Company and of which 5,000 shares are outstanding shares and are under option from a shareholder, if, as and when and to the extent that we exercise our options to purchase these shares, subject to prior sale and change in price and to the approval of all legal matters on behalf of the Company by Messrs. Milner, Steer, Dyde, Poirier, Martland and Layton, Edmonton, Alta., and on our behalf by Messrs. McMichael, Common, Howard, Ker & Cate, Montreal, Que., who will rely on the opinion of Counsel for the Company in respect of the validity of its incorporation and organization and in respect of matters of local law in Alberta.

To the extent that the said 5,000 shares under option from a shareholder are taken up, the sale thereof will not constitute new financing by the Company and the proceeds therefrom will not go into the treasury of the Company.

In effecting sales of these 30,000 Preference Shares it is our intention to exercise our option with respect to the 25,000 unissued shares under option from the Company before exercising our option with respect to any of the 5,000 outstanding shares.

PRICE:

Up to and including August 5, 1954: \$92 per share flat to yield 4.35%.

On and after August 6, 1954: \$92 per share plus dividends accrued from August 6, 1954.

Applications will be received subject to rejection or allotment in whole or in part and the right is reserved to close the books at any time without notice.

It is expected that certificates in interim form will be available for delivery on or about August 4, 1954.

Application has been made for the listing on the Montreal Stock Exchange and on the Toronto Stock Exchange of all the outstanding 4% Cumulative Preference Shares of the Company and of the 25,000 unissued shares presently being offered.

No person is authorized by the Company or by us to give any information or to make any representation, other than contained in this Prospectus, in connection with the issue or sale of these shares and if given or made such information or representation cannot be relied upon as having been authorized by the Company or by us.

(Letterhead)

Northwestern Utilities, Limited

Edmonton, Alberta,
July 19, 1954.

Nesbitt, Thomson and Company, Limited,
Wood, Gundy & Company Limited,
Montreal, Quebec.

Gentlemen:

With reference to the \$3,000,000 par value 4% Cumulative Preference Shares of Northwestern Utilities, Limited, 25,000 of which are under option to you from the Company and 5,000 of which are under option to you from International Utilities Corporation, a shareholder of the Company, we submit the following information:

Capitalization of the Company

(on the basis that all the 25,000 Preference Shares under option to you from the Company will be issued)

	Authorized *	To Be Outstanding
First Mortgage Bonds.....		
First Mortgage 3½% Sinking Fund Bonds Series "B" to mature December 15, 1971.....		\$ 3,650,000
First Mortgage 3½% Sinking Fund Bonds Series "C" to mature December 15, 1971.....		1,670,000
First Mortgage 3⅝% Sinking Fund Bonds Series "D" to mature December 15, 1971.....		4,365,000
First Mortgage 3⅝% Sinking Fund Bonds Series "E" to mature December 15, 1975.....		4,760,000
First Mortgage 4¾% Sinking Fund Bonds Series "F" to mature January 15, 1979.....		4,500,000
		\$18,945,000
3⅞% Promissory Notes due September 1, 1969.....	\$3,000,000	2,613,000
4% Cumulative Preference Shares of the par value of \$100 each.....	\$12,000,000	6,500,000
Common Shares of the par value of \$25 each.....	7,500,000	4,250,000

*No fixed limitation on the authorized amount. Reference is made to the subjoined Statutory Information as to the issue of Additional Bonds.

The Company

Northwestern Utilities, Limited (hereinafter sometimes referred to as the "Company") a subsidiary of International Utilities Corporation was incorporated under the laws of Canada on the 26th day of May, 1923. The Company is engaged in the business of the production, transmission and distribution of natural gas in Central Alberta. The Company's principal market for the sale of natural gas is in the City of Edmonton but it serves in addition approximately 30 other communities including the cities of Red Deer and Wetaskiwin and the towns, villages and hamlets of Beverley, Bittern Lake, Blackfalds, Bruce, Camrose, Fort Saskatchewan, Gwynne, Gibbons, Hobbema, Holden, Irma, Jasper Place, Kinsella, Lacombe, Legal, Morningside, Ponoka, Round Hill, Ryley, St. Albert, Tofield, Vegreville, Vermilion and Viking. In addition the Company serves the Royal Canadian Air Force station at Namao, seven miles north of Edmonton, a part of the Canadian Army Camp at Wainwright and two Provincial Mental Institutes at Ponoka and Oliver. The communities served have an aggregate population of about 250,000 and service is furnished by the Company to over 56,000 customers. In 1953 sales of natural gas amounted to 25.7 billion cubic feet.

For many years the principal source of the Company's gas supplies has been the Viking-Kinsella field which is located approximately eighty miles south-east of Edmonton. In recent years the Company has undertaken exploration and development work in the areas north and north-east of Edmonton and has established important reserves of dry gas which are of considerable assistance in meeting the maximum demand of the Company's system. These newly developed reserves, together with the gas supplies from the Viking-Kinsella field, are principally owned or controlled by the Company. In addition to these sources of supply casing head gas produced in conjunction with crude oil in the Edmonton area is becoming available in rapidly increasing quantities. Due to the nature of oil production, the Company gives priority to the purchasing and marketing of this oil field gas as a conservation measure. The Company has a contract to purchase oil field gas from the Leduc field and has recently concluded a contract to purchase similar gas from the Bonnie-Glen field located forty miles south-west of Edmonton. Additional contracts for the purchase of gas from other oil fields are currently being negotiated by the Company. The effect of purchasing and marketing this oil field gas has been to reduce the percentage of the Company's requirements which is produced from its owned or controlled sources of supply. It is anticipated that this trend will continue in future years. For more detailed information with respect to the gas reserves of the Company, reference is made to the report of Ralph E. Davis, Esq., Petroleum and Natural Gas Engineer, appearing below under the heading "Gas Reserves."

The Company is the major natural gas supplier in Central Alberta. Certain smaller communities not located close to the Company's network of transmission lines are served by other gas utility companies. In the Edmonton area itself, two industrial plants are served by gas companies other than the Company. With these exceptions, the Company serves the major centres of population and the major industrial plants in the central part of the Province.

The population of the communities served by the Company is increasing at a substantial rate. It is planned to expand and improve the production, transmission and distribution systems of the Company in order to meet this rapid expansion.

The production, transmission and distribution systems have been extended from time to time since they were first constructed in 1923 and a yearly program of inspection and maintenance is carried out to keep the plant in good operating condition.

Although the Company is a public utility, it must compete with other fuels for business. Electricity is a competitive factor in residential and commercial cooking and in refrigeration. In the City of Edmonton, electricity is furnished by a municipally owned system which distributes electrical energy generated by a

municipally owned steam-electric plant. This plant uses as its principal source of fuel natural gas supplied by the Company. The majority of the other communities served with natural gas by the Company obtain their supplies of electrical energy from two privately owned electrical public utilities.

In the space heating and industrial fields coal is the principal competitor. However, natural gas is attractively priced and this competition is not important at the present time. In the City of Edmonton, it would be necessary for coal to be priced at about \$4.00 per ton in order to be competitive with natural gas in the domestic space heating field. At the present time, the delivered price of this type of coal is \$8.25 per ton. This comparison is on a straight energy basis and does not credit natural gas with its important convenience aspects.

At present fuel oil prices, gas prices have a substantial competitive margin. Competitive oil prices for domestic space heating and for large industries use would have to be 4.18 cents and 2.47 cents per gallon respectively. Current quotations are 14.7 cents per gallon for domestic fuel oil delivered in Edmonton and 6.0 cents for industrial fuel oil delivered by tank car at railroad sidings.

The Company is subject to the jurisdiction of the Board of Public Utility Commissioners of the Province of Alberta which among other things is vested with broad powers of supervision, regulation and control over rates.

The last formal rate hearing before the Board was held during the spring and summer of 1951. Early in that year it became apparent that the general rise in the level of costs could no longer be absorbed by economies arising from the continually increasing scale of the operation. Accordingly, on March 15, 1951, the Company filed an application with the Board for permission to increase rates. After an extensive hearing a general increase was granted, the new rates going into effect on November 1, 1951, but retroactive in effect to March 15th, the date upon which the application was filed. The effect of this decision was to set rates sufficient (after providing for operating expenses, depreciation and taxes) to yield a return of 7½% on an allowed 'rate base'. The allowed rate base in any year consists of the Company's fixed assets (exclusive of certain leases, wells, property rights and intangibles not subject to amortization carried on the Company's balance sheet at approximately \$365,000 on May 31, 1954) including one-half of the additions to fixed assets during that year less the accrued depreciation (including contributions for extensions) on the books including one-half the depreciation during that year. To this is added the allowance of \$900,000 for working capital. The rate base applicable to the year 1953 computed in this manner amounted to \$29,568,989.

Distribution is carried out in the communities listed above under various franchises and permits and orders of the Board of Public Utility Commissioners. The Edmonton franchise which was assigned by the original grantees to and is now held by the Company was dated as of the 16th of November, 1915. It was for a period of twenty years subject to the City's right at the expiration of the twenty-year period, and at the expiration of each successive term of five years thereafter, to purchase all the Company's assets, works and plant within the City and such of its assets, works and plant, gas wells and gas leases outside of the City as are used by the Company in supplying natural gas to the City and the inhabitants thereof at the actual value thereof as a going concern plus 10% not to include any value for franchise or value based on earnings or goodwill, and making due allowances for deterioration, wear and tear and all other proper allowances, all to be ascertained by arbitration. In the event of the City not electing to purchase at the expiration of the first twenty-year period or any five-year period thereafter, the franchise, subject to what is hereafter stated as to its exclusive features, becomes automatically renewed for a further period of five years.

In the opinion of counsel the franchise is exclusive in respect to the distribution of natural gas for domestic and heating purposes, and non-exclusive for manufacturing and power purposes. So long as the franchise remains exclusive the Company pays the City 5% of its gross receipts from the sale of natural gas within the City. In 1935 prior to the expiration of the first twenty years of the franchise, an agreement was made between the City and the Company under which the City waived its right to purchase for ten years from the termination of the twenty-year period, during which time the Company's exclusive rights continued and the Company agreed for those ten years to continue to pay the City 5% of the gross receipts. In 1944 a similar agreement was made between the City and the Company whereby the franchise, including the exclusive rights, was renewed for a further period of ten years from November 16, 1945, upon the same terms. In the result, the franchise, in the opinion of counsel, is perpetual, subject to the City's right to buy the Company out, on the terms mentioned, in 1956, and thereafter at the end of each five-year period. The original franchise and the agreements already mentioned have been ratified by the Legislature of Alberta.

Particulars of the franchises held by the Company are as follows:

Place	City, Town or Village	Date Original Franchise	Date of Commencement of Franchise	Date of Last Renewal of Franchise	Duration Terms	Expiration Present Franchise
Edmonton.....	City	Nov. 16, 1915	Nov. 16, 1915	Nov. 16, 1945	April 23, 1935 ⁽¹⁾ March 1, 1944 ⁽²⁾	Nov. 16, 1955
Tofield.....	Town	Aug. 6, 1923	Aug. 6, 1923	Aug. 6, 1953	10 years	Aug. 6, 1963
Ryley.....	Village	Sept. 7, 1923	Sept. 7, 1923	Sept. 7, 1953	10 years	Sept. 7, 1963
Holden.....	Village	Aug. 23, 1923	Aug. 23, 1923	Aug. 23, 1953	10 years	Aug. 23, 1963
Viking.....	Village	July 2, 1923	July 2, 1923	July 2, 1953	10 years	July 2, 1963
Vegreville.....	Town	June 12, 1935	June 12, 1935		20 years	June 12, 1955
Camrose.....	Town	July 7, 1941	Nov. 30, 1942		20 years	Nov. 30, 1962
Wetaskiwin.....	City	Nov. 27, 1941	Nov. 30, 1942		20 years	Nov. 30, 1962
Ponoka.....	Town	Oct. 23, 1945	Nov. 30, 1947		20 years	Nov. 30, 1967
Lacombe.....	Town	Oct. 16, 1945	Nov. 30, 1947		20 years	Nov. 30, 1967
Red Deer ⁽³⁾	City	Sept. 24, 1945	Nov. 30, 1947		20 years	Nov. 30, 1967
Fort Saskatchewan.....	Town	April 30, 1947	Dec. 31, 1950		20 years	Dec. 31, 1970
Bittern Lake.....	Village	Aug. 1, 1949	Aug. 1, 1949		20 years	Aug. 1, 1969
Blackfalds.....	Village	Oct. 13, 1949	Oct. 13, 1949		20 years	Oct. 13, 1969
Beverley.....	Town	May 16, 1950	May 16, 1950		20 years	May 16, 1970
Irma.....	Village	Sept. 15, 1950	Dec. 31, 1951		20 years	Dec. 31, 1971
Jasper Place.....	Village	July 24, 1950	July 24, 1950		20 years	July 24, 1970
St. Albert.....	Town	Nov. 6, 1950	Dec. 31, 1951		20 years	Dec. 31, 1971
Vermilion.....	Town	Sept. 19, 1938	Nov. 1, 1953	Sept. 19, 1948	10 years	Sept. 19, 1958
Legal.....	Village	March 23, 1953	March 23, 1953		20 years	March 23, 1973

⁽¹⁾ Renewed by Amendment to the Edmonton Charter. See Section 14, Chapter 88, 1935 Statutes, Province of Alberta. Assented to April 23, 1935.

⁽²⁾ Renewed by Amendment to the Edmonton Charter. See Section 18, Chapter 88, 1911 Statutes, Province of Alberta. Assented to March 1, 1944.

⁽³⁾ City of Red Deer Franchise amended February 9, 1948 by By-law No. 1361 which had the effect of amalgamating the Franchise of the Village of North Red Deer with the Franchise of the City of Red Deer.

In the unincorporated communities of Bruce, Gwynne, Gibbons, Hobbema, Kinsella, Morningside and Round Hill, the Company operates under orders of the Board of Public Utility Commissioners, Alberta, and with the necessary permits.

Each of the above franchises, other than the Edmonton franchise already referred to, is by its terms exclusive and each contains provision for its renewal. Each franchise may be renewed for a period not exceeding 10 years (and so on from time to time) with such alterations, if any, as may be agreed upon by the parties and approved by the Board of Public Utility Commissioners. If either party refuses to renew the franchise, or if the parties fail to agree as to the conditions of renewal, then provision is made for the purchase by the municipality of the rights of the Company within the municipal limits and in all apparatus and property situated within the same for the purpose of supplying gas to the municipality, for such price and on such terms as may be agreed upon between the parties, or failing agreement as may be fixed by the Board of Public Utility Commissioners.

For the five-year period ended December 31, 1953, the Company has expended in excess of \$21,500,000 for additions and improvements to its plant and property and it is anticipated that in excess of \$9,000,000 will be spent for the same purpose during 1954, 1955 and 1956 of which approximately \$3,700,000 will be spent this year. These additions and improvements were necessitated by increasing demands for natural gas service in the communities which the Company has been serving and for extension of services to new communities.

The following tables indicate the growth of the Company since 1944. The gross income figures are as shown by the accounts as audited by Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants. The actual quantity of gas sold by the Company as measured by the meters on the consumers premises is shown in the third column. (These figures differ to a slight degree from the comparable figures which appear below in Mr. Davis' report. These differences are due to slight variations in gas pressure and temperature as between wellhead measurement conditions as shown in Mr. Davis' report and conditions which exist at the consumers premises). It will be appreciated that the actual sales of gas in any particular year are materially affected by the average temperature in that year. The Company engineers make estimates each year of the quantity of gas which would be sold in the twelve month period assuming the temperature would be normal. These quantities are shown in the fourth column below.

Year Ended December 31	Gross Income	Quantity of Gas Sold—MCF Actual	Estimated Quantity of Gas Which Would Have Been Sold Had Temperature Been Normal	Customers at the Year End
1944	\$1,762,814	7,142,817	7,692,000	17,517
1945	2,085,685	8,509,367	8,283,000	19,567
1946	2,136,570	8,876,832	8,770,000	23,376
1947	2,441,215	10,516,293	10,309,000	27,284
1948	2,946,865	12,584,813	12,162,000	31,342
1949	3,397,685	14,499,704	14,970,000	37,088
1950	4,589,011	20,520,924	18,759,000	42,649
1951	5,846,299	24,002,483	22,528,000	46,483
1952	6,350,622	23,916,214	23,959,000	50,261
1953	6,775,693	25,711,569	26,715,000	55,698

Gas Reserves

The following report was prepared by Ralph E. Davis Esq., Petroleum and Natural Gas Engineer, for the purchasers of the Company's 4¾% First Mortgage Sinking Fund Bonds Series "F" issued by the Company on February 2, 1954.

(Letterhead)

RALPH E. DAVIS
Consultant

December 23, 1953.

NORTHWESTERN UTILITIES, LIMITED NATURAL GAS SUPPLY — JANUARY 1, 1954

The Northwestern Utilities, Limited furnishes natural gas service in Edmonton and other municipalities within 100 miles of that city, drawing its gas supplies within that area. Prior to its advent into that business in 1923 the fuel used in its market area was coal, locally abundant. During the years, gas has practically replaced the use of coal. The growth of the use of gas has increased greatly, as population and industry have increased, and as additional markets have been added to the Gas Company system.

The gas requirements of the System during recent years, and estimates of thirty years after 1952, are shown in the following:

NORTHWESTERN UTILITIES, LIMITED

Requirements—Mcf at 14.4 p.s.i.a. and 60° F.
Kinsella Heating Basis

1945 Actual.....	8,450,983 Mcf
1950 Actual.....	19,773,293
1951 Actual.....	23,249,607
1952 Actual.....	23,059,525
1953 December Estimated.....	25,300,000
1954 Estimated.....	31,000,000
1960 Estimated.....	48,200,000
1970 Estimated.....	60,500,000
1980 Estimated.....	68,200,000
30-year requirements 1953-1982.....	1646.8 MMMcf

The requirements for 30 years have been studied by several qualified organizations, including the management of the Company, and have been reviewed and studied by the Alberta Petroleum and Natural Gas Conservation Board. The estimate of the Company gave a thirty-year requirement beginning with 1953 at 1646.8 billion cubic feet, which estimate was in effect accepted by the Board. In the thirtieth year additional reserves will be necessary to insure peak daily deliveries in that year.

The future gas requirements of Northwestern comprise an important segment of the expected requirements of the entire needs of Alberta. The December 1953 report of the Alberta Petroleum and Natural Gas Conservation Board placed estimate of gas requirements of the Province for 30 years at 4,450 billion cubic feet plus approximately 2 trillion cubic feet of additional reserves available at the end of the 30 years to enable production in the thirtieth year sufficient to meet the then expected daily and annual requirements.

The security of Northwestern Utilities, Limited in the matter of a sufficiency of supply at reasonable cost for the next 30 years lies in:

- 1) Their presently controlled reserves.
- 2) The presence of large reserves proved and available in their area of gas activity, and at costs expected to be reasonable.
- 3) The trend of gas discovery in the Province, which will enable them to share in the total on a suitable basis.
- 4) The continued diligence of the government of Alberta, expressed through the attitude and control of gas supplies by its Petroleum and Natural Gas Conservation Board, which places priority to the needs of Alberta markets.

As to the first of these, I have estimated the proved controlled reserves of Northwestern Utilities, Limited brought to January 1, 1954, as follows:

NORTHWESTERN UTILITIES, LIMITED	
Proved Controlled Reserves	
Billion Cubic Feet—basis 14.4 p.s.i.a. at 60° F.	
Viking-Kinsella field	486
Fort Saskatchewan field	61
Legal-Lost Point Lake fields	84
Leduc field (25/day for 25 years)	225
Bonnie Glen-Wizard Lake fields (casinghead gas)	100
Total	956

As to the second, or of the reserves proved in the general area of the Company's activity but not controlled by gas purchase contract or otherwise, but being regarded by me as available to the Company in whole or in part, in competition with others, I have estimated the proved producible pipe line gas to be as follows:

NORTHWESTERN UTILITIES, LIMITED	
Proved—Reasonably Available	
Billion Cubic Feet—basis 14.4 p.s.i.a. at 60° F.	
Leduc field	250
Bonnie Glen-Wizard Lake fields	450
Homeglen-Rimbey field	500
Nevis field	390
Minor fields	over 50
Total	1,640

As to the third item, that of trend of gas discovery in Alberta, and especially within the area of the Company's operations, it is widely regarded that the discovery of new reserves has been active during recent years, having more than tripled the total within the last five years. It is confidently expected by me that important additions to proved reserves will be added during the next ten years.

As to the fourth matter, that of Government control of the gas supply in Alberta, it is widely known that the Alberta government has adopted the policy of protecting the gas needs of Alberta markets for the next thirty years. It is confidently expected that this policy will be maintained and in effect policed by the Alberta Petroleum and Natural Gas Conservation Board.

Conclusions

Based upon all of the above statements, it is my conclusion that Northwestern Utilities, Limited now controls proved available gas reserves in the amount estimated by me at 956 billion cubic feet; that the gas reserves proved and available in its territory in competition with others, is estimated by me in excess of 1,640 billion cubic feet; that the trend of discovery of additional reserves in the area permits the conclusion that important reserves will be found within the next decade; and that the total gas requirements of the Company for the next 30 years at reasonable cost are to be expected.

(Signed) RALPH E. DAVIS.

Earnings

The following report with respect to profits of the Company for the 10 years and five months ended May 31, 1954, has been received from the Company's Auditors.

The President and Directors,
Northwestern Utilities, Limited,
Edmonton, Alberta.

We have examined the books of Northwestern Utilities, Limited for the ten years and five months ended May 31, 1954, and report that in our opinion the net income, including the refundable portion of excess profits taxes, was as follows:

Year ended December 31	Earnings from operations before providing for amortization and depreciation, bond discount and interest, bond discount and expenses, and provision for income and excess profits taxes	Provision for amortization and depreciation on fixed movable and intangible assets	Balance of earnings before deducting bond and note interest, bond discount and expenses, and provision for income and excess profits taxes	Bond and note interest and bond discount and expenses including premium, discount and expenses of prior issues retired and expenses of refinancing	Provision for income and excess profits taxes (Note 1)	Net Income
1944	\$ 930,379	148,059	782,320	134,402	278,257	369,661
1945	1,239,714	151,072	1,088,642	120,046	466,523	502,073
1946	1,223,671	155,020	1,068,651	189,876	330,123	548,652
1947	1,341,463	183,380	1,158,083	184,410	326,443	647,230
1948	1,686,229	209,980	1,476,249	251,662	334,783	889,804
1949	1,862,323	245,886	1,616,437	262,797	307,908	1,045,732
1950	2,477,605	392,919	2,084,686	548,791	515,025	1,020,870
1951	3,257,050	706,082	2,550,968	556,890	798,606	1,195,472
1952	3,313,749	866,104	2,447,645	706,057	645,985	1,095,603
1953	3,325,144	912,473	2,412,671	689,206	767,201	956,264

5 months ended

May 31, 1954	2,896,602	534,845	2,361,757	352,176	729,473	1,280,108
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NOTE 1:

Provisions for taxes on income in the years 1944 and 1945 as shown above are after deducting the refundable portion of excess profits taxes as follows: 1944—\$34,285, 1945—\$79,465.

NOTE 2:

Effective January 1, 1954, the company is permitted to claim depreciation at maximum rates for tax purposes without charging such depreciation in its accounts. The company intends to take advantage of the change in the regulations in its 1954 financial year and has thereby effected a reduction in income tax of approximately \$105,500 in the five months ended May 31, 1954.

(Signed) PEAT, MARWICK, MITCHELL & CO.,

Edmonton, Alberta,
July 19, 1954.

Auditors.

With respect to the above report on earnings it should be borne in mind that a substantial proportion of the Company's revenue is earned during the first five months of the year. It is expected therefore that the net income of the Company for the whole of 1954 will not greatly exceed the net income as at May 31, 1954.

Based on the above report, the average annual net earnings for the ten years ended December 31, 1953, calculated after provision for depreciation, bond and note interest, bond discount and expenses, including expenses of financing, and income and excess profits taxes were equivalent to 3.18 times the maximum annual dividend requirements of \$260,000 on the 65,000 4% Cumulative Preference Shares to be outstanding on the basis of all the 25,000 Preference Shares under option to you from the Company being issued.

Similarly for the year ended December 31, 1953, net earnings calculated after provision for depreciation, bond and note interest, bond discount and expenses, including expenses of financing and income taxes were equivalent to 3.68 times the aforesaid dividend requirements.

Purpose of Issue

The net proceeds to the Company from the sale of the said \$2,500,000 par value of 4% Cumulative Preference Shares, under option to you from the Company, estimated at \$2,225,000 on the basis of all the 25,000 shares being sold, will be added to the general funds of the Company which, as supplemented also by \$3,500,000, representing the proceeds of the sale of a portion of the Series "F" Bonds, and by retained earnings and depreciation during 1954 and 1955 estimated at approximately \$1,400,000, are expected to be sufficient to defray the capital expenditures on the Company's construction and expansion program for the years 1954 and 1955, hereinbefore mentioned.

Certain Provisions Attaching to the Preferred Shares

The provisions attaching to the 4% Cumulative Preference Shares of the Company are set out in full in paragraph (h) of the Statutory Information forming part of this Prospectus to which reference is hereby made. Certain of these provisions provide that:

- (i) No dividends shall be declared or paid upon the common shares in any year unless all accrued dividends on the preference shares then issued and outstanding have been declared and paid or moneys have been actually appropriated and set apart for such payment.
- (ii) The Company shall not issue any preference shares in excess of 30,000 preference shares unless the net earnings of the Company for twelve (12) consecutive months out of the fifteen (15) months next preceding the date of issue thereof are equal to at least twice the preferred dividend requirements of the preference shares then outstanding and of the preference shares then to be issued.
- (iii) The holders of the preference shares shall not be entitled to attend or vote at general meetings of the Company except at any time when the dividends on the preference shares shall be unpaid and remain unpaid for a period of one (1) year in which event the holders of the preference shares shall be entitled to vote at any meeting of shareholders of the Company in common with the holders of the common shares and shall have one vote for each one hundred dollars (\$100) in nominal value of preference shares held.

Certain Restrictions Contained in the Deed of Trust and Mortgage Securing the Company's First Mortgage Bonds and in the 3 $\frac{7}{8}$ % Promissory Notes

Reference is made to paragraph (i) of the Statutory Information forming part of this Prospectus for a statement of the restrictions, contained in the Deed of Trust and Mortgage securing the Company's First Mortgage Bonds and in the 3 $\frac{7}{8}$ % Promissory Notes, on the payment of dividends on any shares of the capital stock of the Company and on the redemption or repayment of capital on any shares of its capital stock.

Balance Sheet

Attached hereto is a copy of the Balance Sheet of the Company as of May 31, 1954, together with the report thereon by the Company's Auditors.

Yours very truly,

(Signed) F. A. BROWNIE,
President.

NORTHWESTERN UTILITIES, LIMITED
BALANCE SHEET MAY 31, 1954

FIXED ASSETS:

ASSETS

Property, plant, leases, rights, gas wells and equipment, including intangibles subject to amortization and depreciation, at cost (of which \$517,635 was satisfied by issuance of stock)	\$36,590,607
Leases, wells, property rights and intangibles not subject to amortization and satisfied by the issuance of stock, less \$184,166 written off	364,454

36,955,061
41,362

Investments not having market quotations, at cost, less reserve of \$4,537

CONSTRUCTION FUNDS:

Held by Trustee for bondholders and withdrawable upon certification of expenditure on property additions at 65% of cost thereof (\$345,512 is subject to withdrawal at May 31, 1954, under the terms of the trust deed):

Cash	\$ 33,393	
Short term collateral trust notes	2,600,000	2,633,393

CURRENT ASSETS:

Cash on hand and in banks	841,066
Short term collateral trust note	400,000
Accounts receivable:	
Consumers' gas and other receivables	648,778
Due from affiliated company	8,695
Advances to officers and employees for expenses	4,876
Operating and construction supplies as certified by the management, at cost, less estimated deterioration and obsolescence	2,807,965

Total current assets 4,711,380

Retroactive increase in rates allowed by The Board of Public Utility Commissioners, less amount written off 150,000

DEFERRED CHARGES:

Unamortized bond discount and expenses of financing (including premium, discount and expenses of prior issues retired)	222,225	
Other prepaid expenses and deferred charges	324,010	546,235
		<u>\$45,037,431</u>

LIABILITIES

Funded debt (excluding current maturities) (note 1)		\$18,695,000
3 7/8% promissory notes payable, due September 1, 1969	\$2,613,000	
Less payment due within one year	135,000	2,478,000

RESERVES:

Amortization and depreciation of fixed assets	6,061,840	
Contributions for extensions	460,390	
Miscellaneous	104,330	6,626,560

Consumers' deposits 365,307

CURRENT LIABILITIES:

Accounts payable and accrued charges	350,646
Interest accrued on funded debt and notes payable	349,841
Sinking fund payments due within one year (note 1)	641,000
Payment on promissory notes due within one year	135,000
Due to affiliated company	8,398
Income taxes, estimated, less payments	1,426,536
Other taxes accrued	199,558

Total current liabilities 3,110,979

CAPITAL STOCK AND SURPLUS:

4% Cumulative preference shares (redeemable at the option of the Company on thirty days' notice at \$103 per share):		
Authorized and issued, 40,000 shares of a par value of \$100 each (note 2)		4,000,000
Common Shares:		
Authorized, 300,000 shares of a par value of \$25 each	\$7,500,000	
Issued, 170,000 shares of a par value of \$25 each	\$4,250,000	
Earned surplus (note 3)	5,511,585	9,761,585

Total capital stock and surplus 13,761,585

\$45,037,431

Approved:

(Signed) F. A. BROWNIE, Director.

(Signed) F. A. SMITH, Director.

The above balance sheet, supplemented by the notes appended thereto, is submitted with our report to the Directors dated July 19, 1954.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Auditors.

NORTHWESTERN UTILITIES, LIMITED
NOTES TO BALANCE SHEET MAY 31, 1954

(1) FUNDED DEBT:

First mortgage sinking fund bonds, due December 15, 1971:

Authorized and issued:

3½% Series "B"	\$ 4,500,000	
Less redeemed and cancelled	700,000	

3,800,000

3½% Series "C"	\$2,000,000	
Less redeemed and cancelled	264,000	

1,736,000

3⅝% Series "D"	5,000,000	
Less redeemed and cancelled	460,000	

4,540,000

First mortgage sinking fund bonds, due December 15, 1975:

Authorized and issued:

3⅝% Series "E"	5,000,000	
Less redeemed and cancelled	240,000	

4,760,000

First mortgage sinking fund bonds 4¾% Series "F", due January 15, 1979
(Issued January 15, 1954) (Sinking fund payments commence
January 15, 1955):

Authorized	\$5,000,000	
Issued		<u>4,500,000</u>

Total funded debt less redeemed and cancelled		19,336,000
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Less sinking fund payments due within one year		641,000
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Funded debt less current maturities		<u>\$18,695,000</u>
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- (2) Since May 31, 1954, the share capital of the company has been increased by the creation of an additional 80,000 4% cumulative preference shares of \$100 each, of which 25,000 shares have been optioned by the company.
- (3) Sections 18 and 19 of article VII of the Trust Deed securing the first mortgage bonds and section 8 (d) of the promissory notes, place certain restrictions upon the payment of management fees and dividends on any of the capital stock of the company and upon the redemption of or repayment of such capital stock. As of May 31, 1954, these requirements had been met.
- (4) As of May 31, 1954, the company had contracts and commitments for construction and other capital expenditures which aggregated approximately \$500,000.
- (5) As at December 31, 1953 the fixed assets including intangibles subject to amortization and depreciation, at cost, were as follows:

Property	\$ 404,221	
Plant	28,452,538	
Leases	3,192,866	
Rights	319,640	
Gas Wells	2,540,621	
Equipment	1,263,467	
		<u>\$36,173,353</u>

Net additions in the period January 1, 1954 to May 31, 1954 totalled \$417,254.

The President and Directors,
Northwestern Utilities, Limited,
Edmonton, Alberta.

We have examined the accompanying balance sheet of Northwestern Utilities, Limited as of May 31, 1954, and in connection therewith we examined or tested accounting records of the company and made a general review of the accounting methods but we did not make a detailed audit of the transactions. We report that in our opinion the accompanying balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as of May 31, 1954, as shown by the books of the company.

Edmonton, Alberta,
July 19, 1954.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Auditors.

STATUTORY INFORMATION

(a) The full name of the Company is Northwestern Utilities, Limited (hereinafter referred to as the "Company"). Its head office is at 10124 - 104th Street, Edmonton, Alberta.

(b) The Company was incorporated under the provisions of the first part of Chapter 79 of the Revised statutes of Canada, 1906, known as "The Companies Act" and amending Acts by letters patent dated May 26, 1923. The letters patent have been amended by supplementary letters patent dated June 1, 1923, February 18, 1926, April 24, 1934, May 27, 1936, April 29, 1941, November 16, 1945, November 28, 1945, July 24, 1946, August 26, 1946, October 19, 1946, December 27, 1947, November 3, 1948 and July 19, 1954, respectively.

(c) The general nature of the business actually transacted by the Company is the producing, purchasing, transmitting, distributing and selling of natural gas.

(d) The names, present occupations and home addresses of the directors and officers of the Company are as follows:

Directors

FRANK AUSTIN BROWNIE.....	Corporation Executive.....	2704 Montcalm Crescent, Calgary, Alberta
HOWARD BUTCHER, III.....	Corporation Executive.....	Spring Mill Road, Villanova, Penn., U.S.A.
HAROLD WALTER FRANCIS.....	Director of Purchasing.....	South of the Polo Grounds, Calgary, Alberta
GERALD GAETZ.....	Corporation Executive.....	10409 - 134th Street, Edmonton, Alberta
RONALD MARTLAND, Q.C.....	Barrister.....	13101 Churchill Crescent, Edmonton, Alberta
HORATIO RAY MILNER, Q.C.....	Corporation Executive.....	11618 - 100th Avenue, Edmonton, Alberta
JOHN RONALD MUNRO.....	Merchant.....	8915 Saskatchewan Drive, Edmonton, Alberta
ALEXANDER MCKNIGHT MACDONALD.....	Corporation Executive.....	6274 Ada Boulevard, Edmonton, Alberta
OLIVER CRAWFORD MCINTYRE.....	Manufacturer.....	24 St. George's Crescent, Edmonton, Alberta
FREDERICK ASBEY SMITH.....	Comptroller.....	8 St. George's Crescent, Edmonton, Alberta
DENNIS KESTEL YORATH.....	Corporation Executive.....	8302 - 131st Street, Edmonton, Alberta

Officers

HORATIO RAY MILNER.....	Chairman of Company.....	11618 - 100th Avenue, Edmonton, Alberta
FRANK AUSTIN BROWNIE.....	President.....	2704 Montcalm Crescent, Calgary, Alberta
DENNIS KESTEL YORATH.....	General Manager.....	8302 - 131st Street, Edmonton, Alberta
FREDERICK ASBEY SMITH.....	Comptroller.....	8 St. George's Crescent, Edmonton, Alberta
BRUCE FRANKLIN WILLSON.....	Assistant General Manager.....	11627 - 77th Avenue, Edmonton, Alberta
CYRIL LEE METCALFE.....	Secretary.....	13814 - 101 Avenue, Edmonton, Alberta
JOHN BENEDICT WHELIHAN.....	Treasurer.....	10432 Connaught Drive, Edmonton, Alberta
JOHN EDWARD ROBERTS.....	Assistant Secretary.....	12618 - 109A Avenue, Edmonton, Alberta

(e) The auditors of the Company are Peat, Marwick, Mitchell & Co., Chartered Accountants, 411 Empire Block, Edmonton, Alberta.

(f) The Transfer Agent and Registrar for the 4% Cumulative Preference Shares of the par value of \$100 each in the capital stock of the Company is Montreal Trust Company, Edmonton, Calgary, Toronto and Montreal and for the common shares of the par value of \$25 each is C. L. Metcalfe, 10124 - 104th Street, Edmonton, Alberta. Books for the registration and transfer of the First Mortgage Sinking Fund Bonds Series "B", "C", "D", "E" and "F" of the Company are kept by Montreal Trust Company at Edmonton, Toronto and Montreal.

(g) The authorized share capital of the Company consists of 300,000 common shares of the par value of \$25 each, of which 170,000 have been issued and are outstanding as fully paid and 120,000 4% Cumulative Preference Shares of the par value of \$100 each, of which 40,000 have been issued and are outstanding as fully paid. Of the 30,000 preference shares offered by this Prospectus, the 5,000 shares under option to Nesbitt, Thomson and Company, Limited and Wood, Gundy & Company Limited from International Utilities Corporation, a shareholder of the Company, have been issued and are outstanding as fully paid. The 25,000 shares under option to said companies from the Company will be issued as fully paid if and when and to the extent taken up by the said companies pursuant to the terms of the option agreement made between the Company and the said companies referred to in paragraph (k) below.

(h) The description of the respective voting rights, preferences, rights to dividends, profits or capital of each class of shares, including redemption rights and rights on liquidation or distribution of capital assets, is as follows:

(1) The holders of such preference shares shall be entitled to receive out of the profits of the Company as a first charge a cumulative preferential dividend (hereinafter called preferred dividend) at the rate of four (4%) per cent per annum payable quarterly on dividend dates to be fixed from time to time by the Board of Directors on the capital for the time being paid up on such shares respectively in preference to and with priority over any payment of dividend upon the common shares, and such preferred dividend shall be cumulative so that if there be any deficiency in the payment thereof in any year, such deficiency shall be made good in subsequent years, and no dividends shall be declared or paid upon the common shares in any year unless and until such preferred dividend upon the preference shares has been declared at the above rate for all previous years and for the pro rata part of the current year up to the next regular dividend date for such preference shares and has been paid or moneys have been actually appropriated and set apart for such payment.

(2) In the event of the Company being wound up, the holders of the said preference shares, together with the holders of any further preference shares ranking *pari passu* with the said shares which may hereafter be created shall be entitled to have the surplus assets of the Company applied in the first place in repaying to them the amount paid up on the preference shares held by them respectively and any arrears of the preferred dividend up to the commencement of the winding up, whether declared or not, but shall not be entitled to any further participation in such surplus assets.

(3) Of the four (4%) per cent cumulative preference shares of the Company not more than 30,000 shall be issued unless the net earnings of the Company for twelve (12) consecutive months out of the fifteen (15) months next preceding the date of the issue thereof are at least equal to twice the preferred dividend requirements of the preference shares then outstanding and of the preference shares then to be issued. In computing the net earnings of the Company for the purposes of this paragraph (3) there shall be included the net earnings for twelve (12) consecutive months out of the fifteen (15) months next preceding the date of such issue of any Company of which all or any part of the capital stock is owned by the Company at the date of such issue or to acquisition of which all or a part of the proceeds of such issue are to be applied. If the Company does not own or is not to acquire all of the capital stock of such Company then only so much of such net earnings of such Company shall be included as would be payable as dividends upon the capital stock owned or to be acquired by the Company. In the same manner there shall be included the net earnings for a like period of any unincorporated business owned by the Company at the date of such issue or to the acquisition of which by the Company all or a part of the proceeds of such issue are to be applied. If the Company owns or is to acquire less than the entire interest in said business then it shall include only such part of the net earnings thereof as would be payable to it as the owner of such interest in such business as it owns or is to acquire.

(4) Such preference shares shall not confer on the holders thereof any right to attend or vote at general meetings of the Company, except at any time when the dividends on the said preference shares shall be unpaid and remain unpaid for a period of one (1) year, in which event the holders of said preference shares shall be entitled to vote at any meeting of shareholders of the Company in common with the holder of the common shares thereof, and shall have one vote for each one hundred dollars (\$100) in nominal value of preference shares held, and such right shall continue so long as the dividends on the said preference shares shall remain unpaid, but upon satisfaction of such arrears, the said right to vote shall cease until such time or times, if any, as further defaults shall occur and continue for one year, when the said right to vote shall revive and continue until all sums then in arrears on account of dividends on the said shares shall have been satisfied and so on from time to time.

(5) The Company shall have the right to redeem at any date on giving at least thirty (30) days' notice thereof in a daily newspaper published in the City of Edmonton, in the Province of Alberta, and in a daily newspaper published in the City of Montreal, in the Province of Quebec, and in a daily newspaper published in the City of Toronto, in the Province of Ontario, the whole of the said preference shares at the nominal value thereof plus a premium of three (3%) per centum upon such nominal value plus the preferred accumulated and unpaid dividend thereon for previous years, if any, and the preferred dividend for the current year pro rated at the retirement date, and also may purchase the whole or any part of the preference shares outstanding from time to time in the market or by tender at a price not exceeding the amount to be paid on redemption as aforesaid. Provided, however, that the premium and dividends to be paid upon the redemption of the preference shares as aforesaid and any amount paid on the purchase thereof in excess of the par value of the shares purchased shall be paid out of the profits of the Company and not otherwise.

The common shares carry full voting rights and, subject to the rights of the holders of the said preference shares, are entitled to all dividends and all rights on liquidation or distribution of the capital assets.

(i) The Company has outstanding \$3,650,000 principal amount of First Mortgage 3½% Sinking Fund Bonds Series "B" dated as of December 15, 1946, maturing December 15, 1971, redeemable at the option of the Company in whole or in part at any time prior to maturity on 30 days' notice at par plus accrued interest and the following premiums: if redeemed on or before December 15, 1951, a premium of 6%; if redeemed thereafter and on or before December 15, 1956, a premium of 5%; if redeemed thereafter and on or before December 15, 1961, a premium of 4%; if redeemed thereafter and on or before December 15, 1966, a premium of 3%; if redeemed thereafter and on or before December 15, 1968, a premium of 2%; if redeemed thereafter and on or before December 15, 1970, a premium of 1%; if redeemed thereafter and prior to maturity a premium of ½ of 1%; provided however that if any such Series "B" Bonds are called for redemption pursuant to the provisions of the sinking fund provided for such Series "B" Bonds then in lieu of the foregoing premiums the premiums payable on such redemption are 3% if so redeemed on or before December 15, 1953, 2½% if so redeemed thereafter and on or before December 15, 1958, 2% if so redeemed thereafter and on or before December 15, 1963; 1½% if so redeemed thereafter and on or before December 15, 1968, 1% if so redeemed thereafter and on or before December 15, 1970, and ½ of 1% if so redeemed thereafter and prior to maturity. As a sinking fund for the Series "B" Bonds there is payable by the Company to the Trustee on July 1 in each of the years 1948 to 1951, inclusive, the sum of \$100,000, on July 1 in each of the years 1952 to 1960 inclusive the sum of \$150,000 and on July 1 in each of the years 1961 to 1971 inclusive the sum of \$185,000. In addition to the foregoing there is payable by the Company for the purposes of the sinking fund such additional sums of money as will be sufficient to pay the excess of the cost of purchase of any Series "B" Bonds to be purchased pursuant to the provisions relating to such sinking fund over the par value of such bonds and/or the premium and interest payable on redemption of any such Series "B" Bonds to be called for redemption pursuant to the provisions relating to the said sinking fund. The sinking fund instalments for the years up to and including 1954 were duly paid. The Company has the right to tender Series "B" Bonds in satisfaction, in whole or in part, of any such sinking fund payment.

In addition the Company has outstanding \$1,670,000 principal amount of First Mortgage 3½% Sinking Fund Bonds, Series "C", dated as of December 15, 1947, maturing December 15, 1971, redeemable at the option of the Company in whole or in part at any time prior to maturity on 30 days' notice at par plus accrued interest and the following premiums: if redeemed on or before December 15, 1954, a premium of 3%; if redeemed thereafter and on or before December 15, 1961, a premium of 2%; if redeemed thereafter and on or before December 15, 1968, a premium of 1%; if redeemed thereafter and prior to maturity a premium of ½ or 1%; provided, however, that if any such Series "C" Bonds are called for redemption pursuant to the provisions of the sinking fund provided for such Series "C" Bonds then no premium shall be payable on such Series "C" Bonds so redeemed. As a sinking fund for the Series "C" Bonds there is payable by the Company to the Trustee on July 1 in each of the years 1949 to 1951 inclusive the sum of \$44,000, on July 1 in each of the years 1952 to 1960 inclusive the sum of \$66,000, on July 1 in each of the years 1961 to 1970 inclusive the sum of \$87,000 and on July 1, 1971, the sum of \$91,000. In addition to the foregoing there is payable by the Company for the purposes of the sinking fund such additional sums of money as will be sufficient to pay the excess of the cost of purchase of any Series "C" Bonds to be purchased pursuant to the provisions relating to such sinking fund over the par value of such bonds and/or the interest payable on redemption of any such Series "C" Bonds to be called for redemption pursuant to the provisions relating to the said sinking fund. The sinking fund instalments for the years up to and including 1954 were duly paid. The Company has the right to tender Series "B" Bonds in satisfaction, in whole or in part, of any such sinking fund payment.

In addition the Company has outstanding \$4,365,000 principal amount of First Mortgage 3½% Sinking Fund Bonds Series "D", dated as of December 15, 1949, maturing December 15, 1971, redeemable at the option of the Company in whole or in part at any time prior to maturity on 30 days' notice at par plus accrued interest and the following premiums: if redeemed on or before December 15, 1954, a premium of 3%; if redeemed thereafter and on or before December 15, 1961, a premium of 2%; if redeemed thereafter and on or before December 15, 1968, a premium of 1%; if redeemed thereafter and prior to maturity a premium of ½ or 1%; provided, however, that if any such Series "D" Bonds are called for redemption pursuant to the provisions of the sinking fund provided for such Series "D" Bonds then no premium shall be payable on such Series "D" Bonds so redeemed. As a sinking fund for the Series "D" Bonds there is payable by the Company to the Trustee on July 1, 1951, the sum of \$110,000, on July 1 in each of the years 1952 to 1960 inclusive the sum of \$175,000, on July 1 in each of the years 1961 to 1970 inclusive the sum of \$227,000 and on July 1, 1971, the sum of \$237,500. In addition to the foregoing there is payable by the Company for the purposes of the sinking fund such additional sums of money as will be sufficient to pay the interest payable on redemption of any Series "D" Bonds to be called for redemption pursuant to the provisions relating to such sinking fund. The sinking fund instalments for the years up to and including 1954 were duly paid. The sinking fund is also subject to increase in the event of the available gas supply, as defined, becoming exhausted prior to the maturity of the Series "D" Bonds. The Company has the right to tender Series "D" Bonds in satisfaction, in whole or in part, of any such sinking fund payment.

In addition the Company has outstanding \$4,760,000 principal amount of First Mortgage 3½% Sinking Fund Bonds Series "E" dated as of December 15, 1950, maturing December 15, 1975, redeemable at the option of the Company in whole or in part at any time prior to maturity on 30 days' notice at par plus accrued interest and the following premiums: if redeemed on or before December 15, 1955, a premium of 3%; if redeemed thereafter and on or before December 15, 1963, a premium of 2%; if redeemed thereafter and on or before December 15, 1971, a premium of 1%; if redeemed thereafter and prior to maturity, a premium of ½ or 1%; provided, however, that if any such Series "E" Bonds are called for redemption pursuant to the provisions of the sinking fund provided for such Series "E" Bonds then no premium shall be payable on such Series "E" Bonds so redeemed. As a sinking fund for the Series "E" Bonds there is payable by the Company to the Trustee on December 15, in each of the years 1952 to 1955 inclusive the sum of \$120,000, on December 15 in each of the years 1956 to 1964 inclusive, the sum of \$165,000, and on December 15 in each of the years 1965 to 1974 inclusive, the sum of \$205,000. In addition to the foregoing there is payable by the Company for the purposes of the sinking fund such additional sums of money as will be sufficient to pay the interest payable on the redemption of any Series "E" Bonds called for redemption pursuant to the provisions relating to such sinking fund. The sinking fund instalments in the years up to and including 1953 were duly paid. The sinking fund is also subject to increase in the event of the available gas supply, as defined, becoming exhausted prior to the maturity of the Series "E" Bonds. The Company has the right to tender Series "E" Bonds in satisfaction, in whole or in part, of any such sinking fund payment.

In addition the Company has outstanding \$4,500,000 principal amount of First Mortgage 4¾% Sinking Fund Bonds Series "F"; dated as of January 15, 1954, maturing January 15, 1979, redeemable at the option of the Company in whole or in part at any time prior to maturity on 30 days' notice at par plus accrued interest and the following premiums: if redeemed on or before January 15, 1955, a premium of 4¾%, the premiums thereafter decreasing ¼ of 1% for each year or fraction of a year to and including January 15, 1969, the premium thereafter decreasing ⅙ of 1% for each year or fraction of a year until maturity; provided, however, that if any such Series "F" Bonds are called for redemption pursuant to the provisions of the sinking fund provided for such Series "F" Bonds then no premium shall be payable on such Series "F" Bonds so redeemed; provided, further, that no Series "F" Bonds shall be redeemed prior to January 15, 1962, as part of any refunding operation, involving, directly or indirectly, the incurring of indebtedness having an interest rate or cost (calculated in accordance with accepted financial practice) lower than 4¾% per annum. As a sinking fund for the Series "F" Bonds there is payable by the Company to the Trustee on January 15 in each of the years 1955 to 1959 inclusive, the sum of \$130,000, on January 15 in each of the years 1960 to 1964 inclusive, the sum of \$170,000, on January 15 in each of the years 1965 to 1969 inclusive the sum of \$200,000, on January 15 in each of the years 1970 to 1974 inclusive the sum of \$235,000 and on January 15 in each of the years 1975 to 1979 inclusive, the sum of \$265,000. In addition to the foregoing there is payable by the Company for the purposes of the sinking fund such additional sums of money as will be sufficient to pay the interest payable on redemption of any Series "F" Bonds called for redemption pursuant to the provisions relating to such sinking fund. The sinking fund is also subject to increase in the event of the available gas supply, as defined, becoming exhausted prior to the maturity of the Series "F" Bonds. The Company has the right to tender Series "F" Bonds in satisfaction, in whole or in part, of any such sinking fund payment. International Utilities Corporation are obligated to take up and pay for an additional \$500,000 principal amount of First Mortgage 4¾% Sinking Fund Bonds Series "F" if and when the Company advises International Utilities Corporation that it requires additional funds for its construction program.

The Series "B" Bonds, Series "C" Bonds, Series "D" Bonds, Series "E" Bonds and Series "F" Bonds of the Company are secured by Deed of Trust and Mortgage dated as of January 1, 1946, made between the Company and Montreal Trust Company as Trustee, as supplemented and amended by Supplemental Indentures dated as of December 15, 1946, as of December 15, 1947, as of April 20, 1949, as of December 15, 1949, as of April 1, 1950, as of December 15, 1950, as of December 15, 1951 and as of January 15, 1954. The said Deed of Trust and Mortgage mortgages and/or charges to and in favour of the said Trustee all the present and future undertaking, property and assets of the Company (subject to certain exceptions) such mortgage and/or charge being expressed, as regards certain assets, to be a first, fixed and specific mortgage or charge and as regards all other assets and property of the Company to be a first floating charge.

The Company has covenanted that while any of the Bonds of said five series remain outstanding, the Company will not pay any management fees to any company by which the Company is controlled, or to any company or companies which may, for the time being, be controlled by any company which controls the Company, and will not declare or pay any dividend or dividends on any shares of its capital stock, and will not redeem, or make any repayment of capital with respect to any shares of its capital stock, unless

(i) the aggregate of the amounts applied in payment of such management fees, dividends and in redemption of, or repayment of capital with respect to, shares of the capital stock of the Company, shall not exceed the greater of

(a) the sum of Two Hundred and Fifty Thousand Dollars (\$250,000) plus 80% of the aggregate net earnings (after giving effect to any losses) of the Company for the period commencing on the first day of October, 1945, and ending on the last day of a calendar month which shall be not more than sixty (60) days prior to the date on which such management fees or dividends are paid, or on which such shares of the capital stock of the Company are redeemed or repayment of capital is made or

(b) the sum of Two Hundred and Fifty Thousand Dollars (\$250,000) plus the aggregate net earnings (after giving effect to any losses) of the Company for the period commencing on the first day of October, 1945, and ending on the last day of a calendar month which shall be not more than sixty (60) days prior to the date on which such management fees or dividends are paid, or on which such shares of the capital stock of the Company are redeemed or repayment of capital is made less an amount equal to $\frac{5}{24}$ of 1% of the aggregate principal amount of bonds which have been certified by the Trustee under the provisions of the said Deed of Trust and Mortgage for each calendar month or part thereof elapsed since the certification of such bonds; and

(ii) on the basis of a calculation as at the end of a calendar month not more than ninety (90) days prior to the date on which such management fees or dividends are paid or such shares in the capital stock of the Company are redeemed or repayment of capital is made

(a) the current assets of the Company shall be not less than one hundred and twenty-five per cent (25%) of its current liabilities after providing for the payment of the said management fees and dividends and amounts applied in redemption or repayment of capital as aforesaid; and

(b) the net current assets of the Company shall be not less than one year's interest requirements on all the bonds then outstanding.

The restrictions contained in the said Deed of Trust and Mortgage as aforesaid are not applicable to dividends payable in shares of capital stock of the Company or to the redemption or repayment or capital with respect to any shares of its capital stock effected through the exchange of, or with the proceeds of the issuance of, other shares of capital stock of the Company.

The Supplementary Indenture dated as of January 15, 1954, contains further covenants by the Company that:

(a) Prior to January 1, 1956, the Company will not declare and pay any dividends on its Common Shares and will not redeem or make any repayment of its capital stock which will reduce the combined capital and surplus accounts of the Company below the combined total of such accounts as shown on the audited balance sheet of the Company as at December 31, 1953;

(b) Subsequent to December 31, 1955, the Company will not declare and pay any dividends on its Common Shares and will not redeem or make any repayment of its capital stock which will reduce the combined capital and surplus accounts of the Company below an amount equal to the combined total of such accounts as shown on the audited balance sheet of the Company as of December 31, 1953, plus One Million Dollars (\$1,000,000);

(c) Prior to January 1, 1956, or prior to the date, if earlier than January 1, 1956, upon which the funds deposited with the Trustee, pursuant to the provisions of the said Deed of Trust and Mortgage (representing funds deposited as a basis for the issuance of Bonds of Series "F") shall first be reduced to One Million Dollars (\$1,000,000), or less, the combined capital and surplus accounts of the Company shall be increased so that such accounts shall equal not less than the sum of the combined capital and surplus accounts of the Company as shown on the audited balance sheet of the Company as of December 31, 1953, plus One Million Dollars (\$1,000,000) provided that such increase of capital and surplus shall not be effected by any write-up or other revaluation of assets.

The said Deed of Trust and Mortgage further provides for the issue of residue bonds to an amount not exceeding in the aggregate 60% of the cost or fair value whichever is less of additional property as defined in the said Deed of Trust and Mortgage acquired by the Company or to refund Bonds theretofore issued thereunder but only subject to and upon compliance with the conditions set forth therein.

With respect to the moneys deposited with the Trustee to anticipate the issue of Series "F" Bonds of the Company, the Supplementary Indenture dated as of January 15, 1954, provides that such money may be drawn down by the Company in amounts not exceeding in the aggregate 65% of the cost to the Company or fair value whichever is less of additional property.

In addition the Company has outstanding \$2,613,000 principal amount of $3\frac{1}{4}\%$ Promissory Notes payable September 1, 1969, which may be prepaid at the option of the Company in whole or in part at any time on not less than 30 or more than 60 days' notice at the following respective percentages of the principal amount called for prepayment together with accrued interest thereon to the date fixed for prepayment:

104% if prepaid on or before August 31, 1953, 103 $\frac{3}{4}$ % if prepaid thereafter and on or before August 31, 1954, 103 $\frac{1}{2}$ % if prepaid thereafter and on or before August 31, 1955, 103 $\frac{1}{4}$ % if prepaid thereafter and on or before August 31, 1956, 103% if prepaid thereafter and on or before August 31, 1957, 102 $\frac{3}{4}$ % if prepaid thereafter and on or before August 31, 1958, 102 $\frac{1}{2}$ % if prepaid thereafter and on or before August 31, 1959, 102 $\frac{1}{4}$ % if prepaid thereafter and on or before August 31, 1960, 102% if prepaid thereafter and on or before August 31, 1961, 101 $\frac{3}{4}$ % if prepaid thereafter and on or before August 31, 1962, 101 $\frac{1}{2}$ % if prepaid thereafter and on or before August 31, 1963, 101 $\frac{1}{4}$ % if prepaid thereafter and on or before August 31, 1964, 101% if prepaid thereafter and on or before August 31, 1965, 100 $\frac{3}{4}$ % if prepaid thereafter and on or before August 31, 1966, 100 $\frac{1}{2}$ % if prepaid thereafter and on or before August 31, 1967, 100 $\frac{1}{4}$ % if prepaid thereafter and on or before August 31, 1968, 100% if prepaid thereafter and before September 1, 1969.

The Company has covenanted to call for prepayment and prepay on September 1, of each year commencing September 1, 1951, and continuing to and including September 1, 1968, an aggregate principal amount of outstanding Notes as follows: on September 1 in each of the years 1951 and 1952 the sum of \$126,000; on September 1, in each of the years 1953 and 1954 the sum of \$135,000; on September 1, in each of the years 1955 and 1956, the sum of \$147,000; on September 1 in each of the years 1957, 1958, 1959 and 1960, the sum of \$156,000; on September 1, in each of the years 1961, 1962 and 1963, the sum of \$165,000; on September 1, in each of the years 1964 and 1965, the sum of \$174,000; on September 1, in each of the years 1966 and 1967 the sum of \$177,000; and on September 1, 1968, the sum of \$183,000. The sinking fund is subject to increase in the event of the available gas supply, as defined, becoming exhausted prior to the maturity of the Notes.

The Company has further covenanted that on and after October 1, 1949, while any of the Notes remain outstanding, unless the holders of the Notes otherwise consent:

(a) The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on any shares of any class of its capital stock or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution, by reduction of capital or otherwise, in respect of any shares of any class of capital stock of the Company, or pay any management fees to any person by which the Company is controlled or to any person which may for the time being be controlled by any person which controls the Company, unless, after giving effect to such action, the sum of

(i) the amounts of such management fees paid and the amounts declared and paid or payable in dividends (other than dividends paid or payable in capital stock of the Company) on all shares of stock of all classes of the Company or distributed in respect of such shares of stock in each case subsequent to December 31, 1948; and

(ii) the excess, if any, of the amounts applied to, or set apart for the purchase, redemption or retirement of shares of stock of all classes of the Company subsequent to December 31, 1948, over such amounts, if any, as shall have been received as the net cash proceeds of sales of shares of stock of the Company subsequent to December 31, 1948,

will not be in excess of the net income of the Company accrued subsequent to December 31, 1948, plus \$555,000.

Reference is made to paragraph (n) below with respect to further bonds, preference shares and/or common shares proposed to be issued and to paragraph (g) above with respect to the Preference Shares of the Company now outstanding.

(j) At the present time the Company has not made plans to create or assume any substantial indebtedness which is not disclosed in the balance sheet and notes thereto of the Company as at May 31, 1954, set forth in this Prospectus but reference is made to paragraph (n) below with respect to estimated expenditures on the construction and expansion program of the Company and the financing thereof.

(k) No securities of the Company are covered by options outstanding or proposed to be given by the Company other than the 25,000 4% Cumulative Preference Shares, being a part of the shares offered by this Prospectus, which are under option to Nesbitt, Thomson and Company, Limited and Wood, Gundy & Company Limited under an agreement evidenced by an offer of said companies dated July 14, 1954, and accepted by the Company on July 15, 1954, which granted, subject as therein set out, to said companies an irrevocable option to purchase all or any part of the said 25,000 4% Cumulative Preference Shares. The said companies have been granted a similar option on the remaining 5,000 Preference Shares offered by this Prospectus by International Utilities Corporation, a shareholder of the Company, at the price of \$89 per share, under an agreement evidenced by an offer of said companies dated July 14, 1954, and an acceptance by International Utilities Corporation dated July 15, 1954. The options expire, by their terms, 60 days from the date of the filing of this Prospectus with the Secretary of State of Canada. The purchase price of the said 25,000 4% Cumulative Preference Shares from the Company is par but the agreement provides that the Company will pay to the said companies a commission of 11% of the par value of each share purchased pursuant to the said agreement, of which 8%, representing \$200,000 in the aggregate, will be used to permit the fixing of the sale price to the public at that which appears on the face of this Prospectus to which reference is hereby expressly made. The price payable on the sale to the public of the said 5,000 Preference Shares offered by this Prospectus by the said companies is as shown on the face of this Prospectus, to which reference is hereby also expressly made.

The names of all persons having not less than a 5% interest in the said two companies are as set out hereunder, namely: Nesbitt, Thomson and Company, Limited: A. J. Nesbitt, P. A. Thomson, A. D. Nesbitt, P. N. Thomson. Wood, Gundy & Company Limited: C. L. Gundy, W. N. McIlwraith, W. P. Scott, A. H. Williamson, D. R. A. Walker, A. R. Duffield, E. S. Johnston and J. N. Cole.

(l) The Preference Shares offered by this Prospectus consist of 30,000 4% Cumulative Preference Shares of the par value of \$100 each in the capital of the Company. Dividends on the Preference Shares will be cumulative from August 1, 1954. The issue price of these Preference Shares is disclosed in paragraph (k) above. The 25,000 Preference Shares offered by this Prospectus which have not previously been issued

by the Company will rank *pari passu* in all respects with the 40,000 4% Cumulative Preference Shares of the Company heretofore issued and outstanding (including the said 5,000 Preference Shares) and any additional Preference Shares of this class that may be issued.

No other securities have been offered for subscription within two years preceding the date of this Prospectus except the First Mortgage 4¾% Sinking Fund Bonds Series "F" in the principal amount of \$4,500,000 referred to in paragraph (i) for which the Company received par and except \$1,000,000 aggregate principal amount of 4½% Notes issued during 1953 for which the Company received \$1,000,000 in cash all of which have been since paid off.

(m) The proceeds to be derived by the Company from the sale of the 25,000 Preference Shares forming part of the shares offered by this Prospectus on the basis of the same being fully taken up and paid for are \$2,500,000. The total commission payable by the Company on the basis of all these 25,000 shares being taken up and paid for will amount to \$275,000, of which \$200,000 will be used by the companies referred to in paragraph (k) to permit the fixing of the sale price to the public at that appearing on the face of this Prospectus. To the extent that the said 5,000 shares under option from a shareholder of the Company are taken up, the sale thereof will not constitute new financing by the Company and the proceeds therefrom will not go into the treasury of the Company. The expenses of the issue of the said Preference Shares (including legal and auditing expenses) are estimated at \$15,000.

(n) The net proceeds to the Company from the sale of the 25,000 4% Cumulative Preference Shares forming part of the shares offered by this Prospectus, estimated at \$2,225,000 on the basis of all the shares being taken up, will be added to the general funds of the Company which, as supplemented also by \$3,500,000, representing the proceeds of the sale of a portion of the Series "F" Bonds, and by retained earnings and depreciation during 1954 and 1955 estimated at approximately \$1,400,000, are expected to be sufficient to defray the capital expenditures on the Company's construction and expansion program for the years 1954 and 1955. It is proposed that any further funds, in addition to retained earnings and depreciation, which are required to finance the balance of the program in subsequent years will be obtained in whole or in part by the issue and sale from time to time of bonds, debentures, preference shares and/or common shares of the Company. The plans for this financing have not yet been made.

The program for the years 1954 and 1955 contemplates expenditures throughout the Company's system of the respective estimated sums mentioned.

	1954	1955
Production systems (lease purchases, well drilling, field lines, dehydrators, sundry buildings)	\$ 319,600	\$ 310,000
Transmission pipelines—to connect new sources of supply, principally oilfield gas, together with improvements and extensions to new consumers.	1,604,200	680,000
Compressor stations and gas mixing stations.	25,400	210,000
Distribution system improvements.	332,800	300,000
Distribution system extensions, pressure control regulators and meters.	1,043,500	970,000
Land and buildings.	233,000	550,000
Construction, transportation, office and communication equipment, tools and implements.	169,600	225,000
	<u>\$3,728,100</u>	<u>\$3,245,000</u>

The Company will employ its own construction crews to carry out the main part of its capital program in 1954 and 1955.

In the carrying out of the construction and expansion program of the Company numerous contracts have been and are expected to be entered into. There follows a list of the dates of, other parties to and general nature of such contracts, not yet completed, as involved or involve an expenditure of more than \$15,000 each made by the Company for construction and other capital expenditures and the amounts paid thereunder and the amounts remaining to be paid thereunder respectively. All said contracts were made on the general credit of the Company. Copies of all contracts entered into and to be entered into for the carrying out of the program will be made available for inspection by intending purchasers of the Preference Shares offered by this Prospectus at any time during ordinary business hours during the period of primary distribution of the said Preference Shares at the Company's Office, 10124 - 104th Street, Edmonton, Alberta, and at Suite 1007, 36 Toronto Street, Toronto, Ontario.

Stewarts & Lloyds Limited
London, England

Contract dated February 8, 1954, covering purchase of steel pipe for major distribution pipeline across north end of Edmonton. No amount has been paid and \$50,106 remains to be paid.

Contract dated June 5, 1953 covering purchase of steel pipe for transmission line from Edmonton to Bonnie Glen area, transmission line from Acheson Field to Edmonton, and extension of major distribution pipeline north of Edmonton, upon which \$888,702 has been paid and \$132,644 remains to be paid.

Page Hersey Tubes Limited
Toronto, Ontario

Contract dated February 3, 1954, covering purchase of steel pipe for expansion of services and mains to handle new consumers throughout the system, upon which no amount has been paid and \$78,100 remains to be paid.

Contract dated June 11, 1954, covering purchase of steel pipe for expansion of services and mains to handle new consumers throughout the system, upon which \$122,730 has been paid and \$18,100 remains to be paid.

Barrett Company Limited
Montreal, Quebec

Contract dated February 16, 1954, covering purchase of pipeline primer and enamel for Distribution and Transmission and Field construction, upon which \$25,000 has been paid and no amount remains to be paid.

Koppers Products Limited Port Arthur, Ontario	Contracts dated February 16, 1954, and March 2, 1954, covering purchase of pipeline primer and enamel for Transmission and Field construction, upon which \$17,800 has been paid and no amount remains to be paid.
Canadian Equipment Sales & Service Limited Edmonton, Alberta	Contract dated February 16, 1954 covering purchase of pipeline felt wrap for Transmission and Field construction, upon which \$16,380 has been paid and no amount remains to be paid.
Canadian Ingersoll Rand Co. Limited Calgary, Alberta	Contract dated June 10, 1954 covering purchase of Gas Compressor for Acheson gas Mixing Plant, upon which no amount has been paid and \$31,317 remains to be paid.
Canadian Meter Company Hamilton, Ontario	Contract dated January 12, 1954, covering purchase of meters to handle new consumers throughout the system, upon which \$62,440 has been paid and \$95,425 remains to be paid.
Barber Engineering & Supply Limited Edmonton, Alberta	Contract dated January 20, 1954, covering purchase of house regulators to handle new consumers throughout the system, upon which \$28,870 has been paid and \$32,145 remains to be paid.
Dresser Manufacturing Toronto, Ontario	Contract dated February 8, 1954, covering purchase of fittings for new consumers throughout the system, upon which \$17,323 has been paid and \$13,536 remains to be paid.
Mueller Limited Sarnia, Ontario	Contract dated January 14, 1954, covering purchase of fittings for new consumers throughout the system, upon which \$34,622 has been paid and \$13,424 remains to be paid.

No provision has been made for the holding in trust of the proceeds of the issue of the Preference Shares offered by the Prospectus.

(o) The minimum amount which, in the opinion of the Directors must be raised to carry out the projects referred to in paragraph (n) above during the years 1954 and 1955 is \$2,225,000, exclusive of retained earnings and depreciation. There are no preliminary expenses payable by the Company. Reference is made to the commission mentioned in paragraphs (k) and (m) above. Reference is made to said paragraph (n) with respect to the financing by the proposed issue of bonds, debentures, preference shares and/or common shares of part or the whole of the balance of the sum required to provide such minimum amount.

(p) Reference is made to paragraph (k) above as to the dates of the agreements between the Company and Nesbitt, Thomson and Company, Limited and Wood, Gundy & Company Limited and between International Utilities Corporation and said Nesbitt, Thomson and Company, Limited and Wood, Gundy & Company Limited in respect of the Preference Shares offered by this Prospectus and the price to be payable by the said companies therefor.

(q) The Directors are by the by-laws of the Company authorized to fix the amount of and regulate from time to time, as they may determine, the remuneration to be paid to the Directors of the Company.

(r) The aggregate remuneration paid by the Company to Directors as such during the last financial year ended December 31, 1953 was \$3,240 and the only two officers of the Company who received remuneration in excess of \$10,000 per annum received \$26,540 in the aggregate. The aggregate remuneration estimated to be payable by the Company during the current financial year to the Directors of the Company as such is \$3,500 and to the only two officers of the Company who will receive remuneration in excess of \$10,000 per annum is \$27,740 in the aggregate.

(s) On February 2nd, 1954 the Company issued \$4,500,000 principal amount of First Mortgage 4¾% Sinking Fund Bonds Series "F". No commission was payable by the Company on the issue of the Series "F" Bonds. Reference is made to paragraph (k) above with respect to the commission payable by the Company on the issue by the Company of the 25,000 Preference Shares forming part of the shares offered by this Prospectus.

(t) The Company has been carrying on business since 1923.

(u) and (v) No property purchased or acquired or proposed to be purchased or acquired by the Company has been or will be paid for out of the proceeds of the issue of the 25,000 Preference Shares forming part of the shares offered by this Prospectus save and except incidentally to the extent that the general funds of the Company as supplemented by said proceeds will be applied in payment of obligations incurred in the ordinary course of business including obligations incurred in connection with the Company's construction and expansion program which will include amounts payable by the Company in respect of contracts made or to be made in respect thereof of which the larger thereof already made are listed in paragraph (n) above. Except as aforesaid, no property has been purchased or acquired the purchase or acquisition of which has not been completed at the date of this Prospectus. No property has been acquired within the last two preceding years or is proposed to be acquired which has been or is proposed to be paid for in whole or in part in securities of the Company. The nature of the title of the said properties to be acquired or proposed to be acquired by the Company will be full ownership subject to any liens in favour of vendors of said properties to secure any unpaid balance of the purchase price thereof and subject to the security of the Deed of Trust and Mortgage referred to in paragraph (i) above securing the Company's First Mortgage Bonds.

(w) No securities have been issued or agreed to be issued as fully or partly paid up otherwise than in cash within the two years preceding the date of this Prospectus.

(x) No obligations are offered by this Prospectus.

(y) No services rendered or to be rendered to the Company are to be paid for by the Company in whole or in part out of the proceeds of the issue of the 25,000 Preference Shares forming part of the shares offered by this Prospectus except incidentally to the extent that the general funds of the Company will be applied in payment thereof from time to time. As the proceeds of the issue of the said 25,000 Preference Shares will be added to the general funds of the Company, the commission disclosed in paragraph (k) above and all manner of services rendered or to be rendered to the Company in the ordinary course of business as well as the legal and auditing services rendered or to be rendered in connection with the creation and issue of the said Preference Shares and the services rendered by engineers and other like professional men in carrying out the construction and expansion program mentioned in paragraph (n) above may sooner or later be paid for wholly or partly out of such proceeds. No services have been rendered or are proposed to be rendered to the Company which have been within two years preceding the date hereof or are to be paid for by securities of the Company.

(z) Nothing has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

(za) The Company has not entered into any material contracts within the two years preceding the date of this Prospectus otherwise than in the ordinary course of business except the following:

(1) The agreement referred to in paragraph (k) above.

(2) Agreements dated January 12, 1954, made between the Company and the following respective parties for the sale of the Company's First Mortgage 4 $\frac{3}{4}$ % Sinking Fund Bonds Series "F", namely, The Canada Life Assurance Company \$125,000, The Dominion Life Assurance Company \$50,000, The Great West Life Assurance Company \$500,000, The Manufacturers Life Insurance Company \$750,000, Metropolitan Life Insurance Company \$2,125,000, The Monarch Life Assurance Company \$100,000, North American Life Assurance Company \$100,000, Sun Life Assurance Company of Canada \$750,000 and International Utilities Corporation \$500,000.

Copies of the said agreements referred to above will be made available for inspection at any time during ordinary business hours, during the period of primary distribution of the Preference Shares offered by this Prospectus, at the Company's head office at 10124 - 104th Street, Edmonton, Alberta, and at Suite 1007, 36 Toronto Street, Toronto, Ontario.

(zb) The Company has not acquired during the past two years and does not propose to acquire any property in which any director is interested.

(zc) The Company has carried on business for more than three years.

(zd) International Utilities Corporation, 44 Wall Street, New York 5, New York, U.S.A., is by reason of its beneficial ownership of securities of the Company in a position to elect or cause to be elected a majority of the directors of the Company.

(ze) The Company is not aware of any of its securities being held in escrow.

(zf) Particulars of the dividends paid by the Company upon the 4% Cumulative Preference Shares of the par value of \$100 each in the capital stock of the Company from time to time outstanding during the past five years are as follows:

Date of Payment	Rate per Share	Total Amount
May 1, 1949.....	\$1.00	\$35,000
August 1, 1949.....	1.00	35,000
November 1, 1949.....	1.00	35,000
February 1, 1950.....	1.00	35,000
May 1, 1950.....	1.00	35,000
August 1, 1950.....	1.00	35,000
November 1, 1950.....	1.00	35,000
February 1, 1951.....	1.00	40,000
May 1, 1951.....	1.00	40,000
August 1, 1951.....	1.00	40,000
November 1, 1951.....	1.00	40,000
February 1, 1952.....	1.00	40,000
May 1, 1952.....	1.00	40,000
August 1, 1952.....	1.00	40,000
November 3, 1952.....	1.00	40,000
February 2, 1953.....	1.00	40,000
May 1, 1953.....	1.00	40,000
August 1, 1953.....	1.00	40,000
November 2, 1953.....	1.00	40,000
February 1, 1954.....	1.00	40,000
May 1, 1954.....	1.00	40,000

Particulars of the dividends paid by the Company upon the common shares of the par value of \$25 each in the capital stock of the Company from time to time outstanding during the past five years are as follows:

Date of Payment	Rate per Share	Total Amount
April 1, 1949.....	\$2.00	\$340,000
July 15, 1949.....	.70	119,000
April 3, 1950.....	2.00	340,000
May 20, 1950.....	1.10	187,000
April 2, 1951.....	2.00	340,000
June 6, 1951.....	1.10	187,000
April 1, 1952.....	2.00	340,000
June 24, 1952.....	1.80	306,000
December 22, 1952.....	.40	68,000
April 1, 1954.....	2.00	340,000

No part of the consideration received for the issue of the outstanding common shares without nominal or par value of the Company has been set aside as distributable surplus.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DIRECTORS

F. A. BROWNIE, by his agent authorized in writing (signed) C. L. METCALFE
HOWARD BUTCHER, III, by his agent authorized in writing (signed) C. L. METCALFE
H. W. FRANCIS, by his agent authorized in writing (signed) C. L. METCALFE
G. GAETZ, by his agent authorized in writing (signed) C. L. METCALFE
R. MARTLAND, by his agent authorized in writing (signed) C. L. METCALFE
H. R. MILNER, by his agent authorized in writing (signed) C. L. METCALFE
J. R. MUNRO, by his agent authorized in writing (signed) C. L. METCALFE
A. M. MACDONALD, by his agent authorized in writing (signed) C. L. METCALFE
O. C. MCINTYRE, by his agent authorized in writing (signed) C. L. METCALFE
F. A. SMITH, by his agent authorized in writing (signed) C. L. METCALFE
(signed) D. K. YORATH

OPTIONEES

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of said Optionees respectively.

NESBITT, THOMSON AND COMPANY, LIMITED
By: (Signed) D. K. BALDWIN, Director.

A. J. Nesbitt, P. A. Thomson, A. D. Nesbitt,
P. N. Thomson.

WOOD, GUNDY & COMPANY LIMITED
By: (Signed) A. R. DUFFIELD, Director.

C. L. Gundy, W. N. McIlwraith, W. P. Scott,
A. H. Williamson, D. R. A. Walker, A. R.
Duffield, E. S. Johnston and J. N. Cole.

Edmonton, Alberta, July 19, 1954.

